

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

ELIZABETH ANN SOLLARS
(CRD No. 6606776),

Respondent.

Disciplinary Proceeding
No. 2020065292102

Hearing Officer–LOM

DEFAULT DECISION

September 22, 2021

Respondent Elizabeth Ann Sollars failed to respond to two Rule 8210 requests for information and documents and two Rule 8210 requests for on-the-record testimony. For this misconduct, Respondent is barred from associating with any member firm in any capacity.

Appearances

For the Complainant: Jason Mogel, Esq., Eric Hansen, Esq., and Richard Chin, Esq., Department of Enforcement, Financial Industry Regulatory Authority

For the Respondent: No appearance

DECISION

I. Introduction

For about three years, Respondent Elizabeth Ann Sollars was registered with FINRA member firm Allstate Financial Services, LLC (the “Firm”) and dually employed by it and the Firm’s insurance affiliate. On January 10, 2020, however, the Firm terminated her employment because of allegations that she had misappropriated insurance premiums.

Almost immediately, FINRA’s Member Supervision Department commenced an investigation and sent Sollars a January 27, 2020 request for information pursuant to FINRA Rule 8210. Sollars failed to respond to that request or an ensuing second request. As a result, FINRA staff initiated an expedited proceeding against her pursuant to FINRA Rule 9552, informing her she would be suspended unless she provided the requested information. Sollars responded by letter and denied misappropriating any funds. Based on that letter, FINRA withdrew the notice of suspension.

FINRA staff continued to investigate the allegations that Sollars had misappropriated funds. In February and March 2021, pursuant to Rule 8210, the staff sought information and documents from her and sought her on-the-record (“OTR”) testimony. Sollars failed to provide the requested information and documents or to appear for OTR testimony. These 2021 unsatisfied Rule 8210 requests are the subject of the Department of Enforcement’s Complaint in this matter.

Enforcement twice filed and served the Complaint in compliance with FINRA Rules 9131 and 9134. To date, Sollars has not answered or otherwise challenged the charges against her.

Pursuant to FINRA Rules 9215(f) and 9269, Enforcement then filed and served a motion for entry of default decision (“Default Motion”), together with counsel’s declaration (in text “Declaration”; in footnote, “Decl.”) and supporting exhibits. Although the Default Motion and accompanying materials were properly served on Sollars, she did not respond.

For the reasons set forth below, I find Sollars in default and GRANT Enforcement’s Default Motion. As authorized by FINRA Rule 9269(a)(2), I deem the factual allegations in the Complaint against Sollars admitted. Based on these facts and the additional information provided in the Declaration and accompanying exhibits, I find that she committed the violations alleged in the Complaint and, consistent with FINRA’s Sanction Guidelines, I bar her from associating with any FINRA member firm in any capacity.

II. Findings of Fact and Conclusions of Law

A. Respondent’s Background

Sollars resides in West Terre Haute, Indiana. She entered the securities industry in June 2017, when she became registered with FINRA as an Investment Company and Variable Contracts Products Representative and Uniform Securities Agent through her association with the Firm. Until January 2020, Sollars was registered in that capacity and was dually employed with the Firm’s insurance affiliate, Allstate Insurance Company.¹

On January 10, 2020, the Firm filed a Uniform Termination Notice for Securities Industry Registration (“Form U5”) to terminate Sollars’ registration, stating that it had ended her employment “after allegations by parent property and casualty insurance company of misappropriation of insurance premiums.”² Sollars has not been registered or associated with a FINRA member firm since January 2020.³

¹ Complaint (“Compl.”) ¶ 2; Decl. ¶ 4; Decl. Exhibit (“Ex.”) 1.

² Compl. ¶ 3; Decl. ¶ 5; Ex. 2.

³ Decl. ¶ 6; Ex. 1.

B. FINRA's Jurisdiction

Although Sollars is no longer registered or associated with a FINRA member, FINRA retains jurisdiction over her pursuant to Article V, Section 4(a) of FINRA's By-Laws. Under that provision, FINRA retains jurisdiction over a person for two years after the termination of the person's association with a member firm. If, during that two-year period, a formerly associated person fails to provide information requested pursuant to FINRA's rules, FINRA can bring a disciplinary proceeding for the violation within the period of retained jurisdiction. In this case, the Complaint charges Sollars with failing to provide information and documents or give OTR testimony pursuant to FINRA Rule 8210 during the two years of retained jurisdiction, and Enforcement filed the Complaint within that period.⁴

C. Origin and History of the Investigation

1. Initial Rule 8210 Requests

FINRA's Member Supervision Department began investigating almost immediately after Sollars' Firm filed the Form U5 indicating that she may have misappropriated insurance premiums. On January 27, 2020, FINRA staff sent Sollars a request for information pursuant to Rule 8210. The request concerned the allegations in the Form U5. She did not respond.⁵ On February 19, 2020, the staff sent her a second request for the same information. Sollars did not respond.⁶

2. Expedited Proceeding

As a result of the two initial failures to produce information requested pursuant to Rule 8210, FINRA staff initiated an expedited proceeding against Sollars pursuant to Rule 9552. On March 27, 2020, FINRA staff sent her a Notice of Suspension letter that informed her she could be suspended unless she provided the requested information by a specified date in April 2020.⁷

On the date specified for responding to the Notice of Suspension, Sollars sent FINRA a letter, responding to the requests for information and denying that she had misappropriated funds. Based on that letter, FINRA withdrew the Notice of Suspension.⁸

3. Rule 8210 Requests at Issue

FINRA staff continued to investigate, and, in February and March 2021, the staff served Sollars with additional requests for information, documents, and OTR testimony.⁹ As discussed

⁴ Compl. ¶ 4; Decl. ¶ 7.

⁵ Compl. ¶ 5.

⁶ Compl. ¶ 6.

⁷ Compl. ¶ 7.

⁸ Compl. ¶ 8.

⁹ Compl. ¶¶ 14–31.

below, she failed to provide any of the requested information, documents, or OTR testimony. For this misconduct, the Complaint charges her in a single cause of action with violating FINRA Rules 8210 and 2010.

a. February 23, 2021 Request for Documents and Information

On February 23, 2021, in connection with the continuing investigation into whether Sollars had misappropriated insurance customer premiums, FINRA staff sent her a letter by first class U.S. mail and first class certified mail at her last known residential address as identified in the Central Registration Depository (“CRD Address”). The staff also sent the letter to Sollars’ known email address.¹⁰

The February 23, 2021 letter requested that Sollars provide documents and information pursuant to Rule 8210 by March 9. The request sought (i) a list of all bank and brokerage accounts in which she had a financial interest during the period of August 1, 2019, through December 31, 2019, and (ii) copies of all account statements for those accounts. The request letter informed her that she was “obligated to respond . . . fully, promptly, and without qualification.” It further warned that any “failure to satisfy these obligations could expose you to sanctions, including up to a permanent bar or expulsion from the securities industry.”¹¹

The United States Postal Service (“USPS”) reported that the copy of the letter sent by first class certified mail was delivered and the receipt shows the signature of the recipient as Elizabeth Sollars. The other copy sent by first class mail was not returned. Sollars did not respond to this letter by the March 9 deadline or at any time afterward.¹²

b. March 16, 2021 Request for Documents and Information

On March 16, 2021, FINRA staff sent another Rule 8210 letter to Sollars. It attached the February 23 letter and thereby renewed the request for bank and brokerage account statements. The staff sent the March 16 letter by first class and first class certified mail to Sollars’ CRD address, as well as to her email address. The USPS reported that the copy sent by first class certified mail was received and the receipt shows the signature of the recipient as E. Sollars. The other copy sent by first class mail was not returned. Sollars did not respond to this letter by the March 31 deadline or at any time afterward.¹³

¹⁰ Compl. ¶¶ 14–15; Decl. 10a, 10b; Ex. 3. Rule 8210(d) provides that a notice issued under Rule 8210 shall be deemed received if it is sent to the person’s last known business address as reflected in CRD and the staff does not have actual knowledge that that address is out of date or inaccurate. Here, the staff had no such knowledge. Decl. ¶ 10b.

¹¹ Compl. ¶¶ 14, 17; Decl. ¶ 9; Ex. 3.

¹² Compl. ¶¶ 16, 18; Decl. 10c, 10d; Ex. 4.

¹³ Compl. ¶¶ 19–22; Decl. 10e–10g; Ex. 5, at 1–3, Ex. 6.

c. February 23, 2021 Request for OTR Testimony

On February 23, 2021, the staff sent another Rule 8210 letter to Sollars in the same manner as the first to her CRD Address and email. This letter requested that Sollars provide OTR testimony by video on March 16, 2021. As with the letter requesting information and documents, the certified mail delivery receipt for the request for testimony shows the signature of the recipient as Elizabeth Sollars. She failed to appear for testimony on the specified date.¹⁴

d. March 16, 2021 Request for OTR Testimony

On March 16, 2021, the staff followed up on its first request for testimony with another Rule 8210 letter repeating the staff's request for OTR testimony by video. The certified mail delivery receipt for this letter shows the signature of the recipient as E. Sollars. This time the staff set the date for the OTR testimony for April 6, 2021. Sollars failed to appear on the specified date.¹⁵

4. Effect of Sollars' Failure to Respond to the Rule 8210 Requests

Sollars' failure to provide information and documents in response to the February and March Rule 8210 requests, along with her failure to give OTR testimony, impeded FINRA's investigation and deprived it of material information in her possession. Without the information, documents, or testimony, the staff was prevented from evaluating Sollars' denial of serious allegations that she had misappropriated funds. The information, documents, and testimony requested were directly relevant and necessary to the investigation.¹⁶

D. Respondent's Default

On June 7, 2021, Enforcement served Sollars in accordance with FINRA Rule 9134(b)(1), with a Notice of Complaint and the Complaint, by first class mail and first class certified mail at her CRD Address. Enforcement had no actual knowledge that the CRD Address was out of date. Copies of the Notice of Complaint and Complaint were also sent to Sollars' known email address. The first class certified mail package containing the documents was delivered to an individual at the CRD Address on June 14, 2021.¹⁷ Sollars did not file an Answer.

On July 13, 2021, Enforcement served Sollars with a Second Notice of Complaint, together with copies of the original Notice of Complaint and Complaint, by first class mail and first class certified mail at her CRD address and by email to her known email address. Tracking

¹⁴ Compl. ¶¶ 23–27; Decl. 10i–10k; Exs. 7–9.

¹⁵ Compl. ¶¶ 28–32; Decl. 10l–10n; Ex. 5, at 4–9, Exs. 6, 10.

¹⁶ Compl. ¶¶ 33–34; Decl. 9.

¹⁷ Decl. 12–14; Exs. 11, 12.

information for the package delivered by certified mail shows that it was delivered to an individual at the CRD Address on July 19, 2021.¹⁸ Sollars did not file an Answer.

Under FINRA Rule 9134, sending the Complaint to Sollars' CRD Address by first class certified mail constitutes valid service. Accordingly, Enforcement properly served Sollars with the Complaint. Respondent did not file an answer or otherwise respond to the Complaint. Accordingly, I find that Respondent defaulted.¹⁹

E. Respondent Violated FINRA Rules 8210 and 2010

FINRA Rule 8210(a) requires a "person subject to FINRA's jurisdiction to provide information orally, in writing, or electronically . . . and to testify . . . with respect to any matter involved in [an] investigation, complaint, examination, or proceeding." Rule 8210(c) makes clear that the obligation to provide the requested information or testimony is mandatory. It provides that "[n]o member or person shall fail to provide information or testimony . . . pursuant to this Rule."

Because FINRA lacks subpoena power, and its ability to gather information from its members and associated persons is limited to its ability to obtain documents, information, and testimony pursuant to Rule 8210, that Rule is an essential investigatory tool.²⁰ That tool is critical to FINRA's ability to carry out its regulatory mandate.²¹ Courts, the Securities and Exchange Commission, and FINRA have emphasized the key role that Rule 8210 plays in FINRA's discharge of its regulatory responsibilities, calling it "indispensable,"²² "essential,"²³ and "at the heart of the self-regulatory system for the securities industry."²⁴ Without question,

¹⁸ Decl. 15–17; Exs. 13, 14.

¹⁹ Respondent is notified that she may move to set aside the default pursuant to FINRA Rule 9269(c) upon a showing of good cause.

²⁰ *E.g.*, *Joseph Ricupero*, Exchange Act Release No. 62891, 2010 SEC LEXIS 2988, at *21 (Sept. 10, 2010), *petition for review denied*, 436 F. App'x 31 (2d Cir. 2011); *Dep't of Enforcement v. Valentino*, No. FPI010004, 2003 NASD Discip. LEXIS 15, at *12 (NAC May 21, 2003), *aff'd*, Exchange Act Release No. 49255, 2004 SEC LEXIS 330 (Feb. 13, 2004).

²¹ *Dep't of Enforcement v. Saliba*, No. 2013037522501, 2019 FINRA Discip. LEXIS 1, at *43–44 (NAC Jan. 8, 2019); *remanded on other grounds*, Exchange Act Release No. 91527, 2021 SEC LEXIS 865 (April 9, 2021). Although the SEC remanded *Saliba*, it continued to describe Rule 8210 as an essential investigatory tool, saying, "We have long recognized that the language of Rule 8210 is 'unequivocal' regarding an associated person's responsibility to cooperate with FINRA information requests and that vigorous enforcement of Rule 8210 'helps ensure the continued strength of the self-regulatory system—and thereby enhances the integrity of the securities markets and protects investors . . .'" Exchange Act Release No. 91527, 2021 SEC LEXIS 865 at *32 n.23 (Apr. 9, 2021) (quoting *Blair C. Mielke*, Exchange Act Release No. 75981, 2015 SEC LEXIS 3927, at *54 n.47 (Sept. 24, 2015)).

²² *Dep't of Enforcement v. Merrimac Corp. Sec.*, No. 2011027666902, 2017 FINRA Discip. LEXIS 16, at *10 (NAC May 26, 2017), *aff'd in relevant part and remanded*, Exchange Act Release No. 86404, 2019 SEC LEXIS 1771, at *21 (July 17, 2019), *modified sanctions for supervisory violations*, No. 2011027666902r, 2020 FINRA Discip. LEXIS 28 (NAC Mar. 27, 2020).

²³ *PAZ Sec., Inc.*, Exchange Act Release No. 57656, 2008 SEC LEXIS 820, at *12 (Apr. 11, 2008).

²⁴ *Howard Brett Berger*, Exchange Act Release No. 58950, 2008 SEC LEXIS 3141, at *13 (Nov. 14, 2008).

“FINRA Rule 8210 requires a registered person to respond fully, completely, and truthfully to a request for information from FINRA”²⁵

FINRA Rule 2010 requires members to “observe high standards of commercial honor and just and equitable principles of trade.” Rule 2010 encompasses any unethical business-related misconduct, even where the activity does not involve a security.²⁶ A failure to comply with a FINRA request for information, documents, or testimony, to assist in FINRA’s investigation of potential misconduct is not consistent with high standards of commercial honor or just and equitable principles of trade. Such a failure impedes FINRA’s efforts to perform its regulatory function and protect investors, and it operates to conceal potential misconduct. Furthermore, when a person becomes registered through a FINRA member firm, that person consents to abide by FINRA’s rules, including the requirement to provide information requested in a FINRA investigation. A violation of any FINRA rule, including a violation of Rule 8210, is inconsistent with the agreement to abide by FINRA’s rules and with the duty under Rule 2010 to observe high standards of commercial honor and just and equitable principles of trade. Accordingly, a failure to respond promptly and fully to a Rule 8210 request is also a violation of Rule 2010.²⁷

As discussed above, FINRA staff sent the January and February 2021 Rule 8210 requests to Sollars at her CRD Address by first class certified mail. That was sufficient for constructive notice. In fact, her signature on USPS tracking documents shows that she received actual notice. Nevertheless, she provided no information, documents, or OTR testimony, in response. Her multiple failures to comply with her obligation to respond to the Rule 8210 requests impeded FINRA’s investigation of whether she had engaged in serious misconduct by misappropriating insurance premiums. She violated FINRA Rules 8210 and 2010.

III. Sanctions

FINRA’s Sanction Guidelines (“Guidelines”) recommend that, if an individual did not respond in any manner, a bar in all capacities should be standard.²⁸ The Guidelines further provide that, where an individual provided a partial but incomplete response, a bar is still standard unless the person can demonstrate that the information provided substantially complied

²⁵ *Dep’t of Enforcement v. Taboada*, No. 2012034719701, 2017 FINRA Discip. LEXIS 29, at *41–42 (NAC July 24, 2017), *application for review dismissed*, Exchange Act Release No. 82970, 2018 SEC LEXIS 823 (Mar. 30, 2018).

²⁶ *E.g.*, *Vail v. SEC*, 101 F.3d 37, 39 (5th Cir. 1996); *Dep’t of Enforcement v. Mullins*, Nos. 20070094345 and 20070111775, 2011 FINRA Discip. LEXIS 61, at *22 (NAC Feb. 24, 2011), *aff’d in relevant part*, Exchange Act Release No. 66373, 2012 SEC LEXIS 464 (Feb. 10, 2012); *Dep’t of Enforcement v. Gallagher*, No. 2008011701203, 2011 FINRA Discip. LEXIS 40, at *18 (OHO June 13, 2011), *aff’d*, 2012 FINRA Discip. LEXIS 61 (NAC Dec. 12, 2012).

²⁷ *See, e.g.*, *N. Woodward Fin. Corp.*, Exchange Act Rel. No. 74913, 2015 SEC LEXIS 1867, at *13 (May 8, 2015). *Dep’t of Enforcement v. Vedovino*, No. 2015048362402, 2019 FINRA Discip. LEXIS 20, at *32 (NAC May 15, 2019).

²⁸ FINRA Sanction Guidelines at 33 (2020), <http://www.finra.org/sanctionguidelines>.

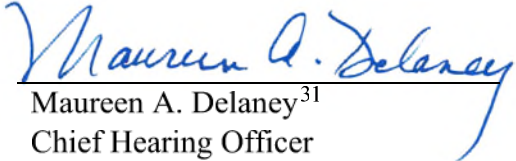
with all aspects of the request.²⁹ Additionally, the Guidelines contain certain principal considerations in determining sanctions for a partial but incomplete response: (1) the importance of the information requested but not provided (as viewed from FINRA's perspective), and whether the information provided was relevant and responsive to the request; (2) the number of requests made, the time the respondent took to respond, and the degree of regulatory pressure required to obtain a response; and (3) whether the respondent thoroughly explained valid reasons(s) for deficiencies in the response.³⁰

Here, Sollars did not respond in any way to the February and March requests for information, documents, and testimony. It is aggravating that this failure occurred after Sollars had failed to respond to earlier Rule 8210 requests and only responded to those earlier requests after receiving a Notice of Suspension. The degree of regulatory pressure required to obtain a response was high. It is aggravating that the information requested but not provided was important. It was needed to evaluate whether Sollars had engaged in serious misconduct of misappropriating insurance premiums. Sollars has had multiple opportunities to respond or to explain any valid reason for her failure to respond. She has done neither.

The standard sanction of a bar is well justified in these circumstances. Sollars should be barred from associating with any FINRA member firm in any capacity.

IV. Order

Respondent Elizabeth Ann Sollars violated FINRA Rules 8210 and 2010 by failing to respond in any way to two Rule 8210 requests for information and documents and two Rule 8210 requests for OTR testimony. For this misconduct she is barred from associating with any FINRA member firm in any capacity. The bar shall become effective immediately if this Default Decision becomes the final disciplinary action of FINRA.


Maureen A. Delaney³¹
Chief Hearing Officer

Copies to:

Elizabeth Ann Sollars (via email, first class mail, and overnight mail)
Jason Mogel, Esq. (via email)
Eric Hansen, Esq. (via email)
Richard Chin, Esq. (via email)
Jennifer L. Crawford, Esq. (via email)

²⁹ *Id.*

³⁰ *Id.*

³¹ Pursuant to Rule 9235(b) the Chief Hearing Officer signs this Decision in Hearing Officer McConathy's absence.